

Winn Parish Association of Retarded Citizens, Inc.
Financial Statements
For the Year Ended June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/10/10

Winn Parish Association of Retarded Citizens, Inc.
For the year ended June 30, 2009

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EDWARDS, WADE & PERRY

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA / Society of LCPA's

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Winn Parish Association of Retarded Citizens, Inc.
Winnfield, Louisiana

We have audited the accompanying statement of financial position of Winn Parish Association of Retarded Citizens, Inc., a nonprofit organization, as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Winn Parish Association of Retarded Citizens, Inc. as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2009, on our consideration of the Winn Parish Association of Retarded Citizens, Inc.'s internal control over financial reporting and our tests of its compliance and other matters with certain provisions of laws, regulations, contracts, and grants. That report should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Winn Parish Association of Retarded Citizens, Inc. taken as a whole. The accompanying financial information listed as other supplemental data in the table of contents and the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Edwards, Wade & Perry

Ruston, Louisiana
November 18, 2009

Winn Parish Association of Retarded Citizens, Inc.
Statement of Financial Position
As of June 30, 2009

	Adult Habilitation	Sheltered Workshop	Total (Memo only)	2008
Assets				
Current assets:				
Cash and cash equivalents	\$9,461	\$475	\$9,936	\$1,110
Accounts receivable	4,005	3,468	7,473	10,416
Total current assets	13,466	3,943	17,409	11,526
Noncurrent assets:				
Utility deposits	148	0	148	148
Furniture and equipment, net	6,073	0	6,073	8,098
Total Assets	\$19,687	\$3,943	\$23,630	\$19,772
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$2,000	\$100	\$2,100	\$2,100
Accrued expenses	5,442	175	5,617	4,293
Interfund loans	32,897	(32,897)	0	0
Notes payable	16,172	0	16,172	22,244
Total current liabilities	56,511	(32,622)	23,889	28,637
Net assets:				
Unrestricted	(51,012)	31,762	(19,250)	(27,856)
Temporarily restricted	14,188	4,803	18,991	18,991
Permanently restricted	0	0	0	0
Total net assets	(36,824)	36,565	(259)	(8,865)
Total Liabilities and Net Assets	\$19,687	\$3,943	\$23,630	\$19,772

See accompanying auditor's report and notes to the financial statements.

Winn Parish Association of Retarded Citizens, Inc.
Statement of Activities
For the Year Ended June 30, 2009

	Adult Habilitation	Sheltered Workshop	Total (Memo only)	2008
Support and Revenue				
State contracts	\$96,055		\$96,055	\$86,904
Contract work		\$14,303	14,303	35,638
Contributions and grants	13,400	9,739	23,139	4,469
Contributions, restricted		6,600	6,600	4,091
Interest	47		47	53
Other	5,848	240	6,088	3,423
Total Support	115,350	30,882	146,232	134,578
NET ASSETS RELEASED FROM RESTRICTIONS				
Federal Transit Administration Section 16				
Depreciation on restricted vans			0	1,836
Total Support, Other Revenue and Release of Net Assets	115,350	30,882	146,232	136,414
Expenses				
Salaries and client wages	57,631	19,253	76,884	78,621
Payroll taxes	5,477	1,472	6,949	7,384
Telephone	3,427		3,427	2,864
Postage	150	102	252	0
Insurance	8,400		8,400	6,003
Transportation	56		56	200
Office supplies	166	153	319	716
Utilities	6,947		6,947	7,563
Rent	9,600		9,600	8,800
Maintenance, repairs and cleaning	3,553	240	3,793	7,232
Workman's comp	2,180		2,180	5,365
Depreciation	2,025		2,025	2,198
Interest	1,586		1,586	1,924
Supplies	237	1,468	1,705	3,850
Professional fees	3,856		3,856	2,700
Licenses	13	29	42	37
Travel and seminar	1,506	667	2,173	1,878
Other	4,869	2,563	7,432	4,473
Total Expenses	111,679	25,947	137,626	141,808
Increase (Decrease) in unrestricted net assets	3,671	4,935	8,606	(5,394)
Temporarily Restricted Assets				
Federal Transit Administration Section 16				
Current year depreciation			0	(1,836)
Net increase (decrease) in Net Assets before Extraordinary Item	3,671	4,935	8,606	(7,230)
Extraordinary item - forgiveness of debt	0		0	0
Net increase (decrease) in Net Assets	3,671	4,935	8,606	(7,230)
Net assets as of beginning of year	(40,495)	31,630	(8,865)	(1,635)
Net assets as of end of year	(\$36,824)	\$36,565	(\$259)	(\$8,865)

See accompanying auditor's report and notes to the financial statements.

Winn Parish Association of Retarded Citizens, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2009

Statement C

	<u>2009</u>	<u>2008</u>
<u>Cash flows from Operating activities</u>		
Receipts from customers and other support	\$147,167	\$140,153
Payments to suppliers	(59,945)	(61,759)
Payments to employees	<u>(72,324)</u>	<u>(78,621)</u>
Net cash provided by operating activities	14,898	(227)
<u>Investing activities</u>		
None	<u>0</u>	<u>0</u>
Net cash provided by investing activities	0	0
<u>Financing activities</u>		
Increase in debt from borrowing	0	9,181
Capital asset additions	0	(10,177)
Principal paid	<u>(6,072)</u>	<u>(4,886)</u>
Net cash provided by financing activities	<u>(6,072)</u>	<u>(5,882)</u>
Net increase (decrease) in cash and cash equivalents	8,826	(6,109)
Cash and cash equivalents as of beginning of year	<u>1,110</u>	<u>7,219</u>
Cash and cash equivalents as of end of year	<u>\$9,936</u>	<u>\$1,110</u>
Reconciliation of change in net assets to Net Cash Provided (Used) by Operating activities		
Change in net assets	8,606	(7,230)
Depreciation and amortization	2,025	2,198
Decrease in accounts receivable	2,943	5,575
Increase in accounts payable	0	799
Decrease in accrued expenses	<u>1,324</u>	<u>(1,570)</u>
Net Cash Provided by Operating Activities	<u>\$14,898</u>	<u>(\$228)</u>
 Total cash and cash equivalents	 <u>\$9,936</u>	 <u>\$1,110</u>

See accompanying auditor's report and notes to the financial statements.

Winn Parish Association of Retarded Citizens, Inc.
Notes to the Financial Statements
For the year ended June 30, 2009

1. Summary of Significant Accounting Policies

A. Nature of Activities

The accompanying financial statements include only the operations of the Winn Parish Association of Retarded Citizens, Inc., (WARC) in Winnfield, LA. The Organization was organized in 1981 to promote the general welfare of mentally retarded citizens, to encourage research related to mental retardation, to advise and aid parents in the solution of their problems, to develop a better understanding of the problems of mental retardation by the public, to cooperate with all agencies and professional groups in the furtherance of these ends, to associate with and support financially the State and National Associations to promote the general cause, to serve locally as a clearinghouse for gathering and providing information regarding the mentally retarded and to solicit and receive funds for the accomplishment of the stated purposes.

The Association operates two separate divisions. The Adult Habilitation Program receives funding from the State of Louisiana, Department of Health and Hospitals and the Office for Citizens with Developmental Disabilities (OCDD) and Medicaid Title XIX and the Supports Waiver and Now Waiver programs to provide adult day services and employment training for a minimum of 13 clients. The other division is the Winn Parish Sheltered Workshop. The Workshop is totally self-supporting. Income of the Workshop consists of revenues earned through contracts with private individuals and companies for the provision of services performed by clients of the Workshop.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund and, accordingly, all financial transactions have been recorded and reported in the following funds:

C. Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety days of purchase.

D. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are designated for future period or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Association elected in 1995 to adopt SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions for the year ended June 30, 2009 were \$17,978 for which the corresponding income and expenses were not recorded in the general ledger for Adult Habilitation fund.

Winn Parish Association of Retarded Citizens, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2009

E. Property and Equipment

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method. The Association has no capitalization policy.

Fixed assets are included on the balance sheet net of accumulated depreciation. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives with respect to major classes of depreciable assets as follows:

Furniture and fixtures	7-10	years
Automobiles	5	years
Machinery and equipment	5-7	years
Leasehold improvements	10	years

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Income Taxes

The Association is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

H. Financial Statement Presentation

Also in 1995, the Association elected to adopt SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Association is required to present a statement of cash flow.

2. Cash and Cash Equivalents

At June 30, 2009, the Association has cash and cash equivalents (book balances) totaling \$9,936 as follows:

Demand deposits	\$9,936
Time deposits	0
Total	<u>\$9,936</u>

Winn Parish Association of Retarded Citizens, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2009

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2009, the Association has \$3,376 in deposits (collected bank balances). These deposits are secured from risk by \$3,376 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

3. Fixed Assets

As of June 30, 2009, fixed assets costs consist of:

	Balance 6/30/08	Additions	Deductions	Balance 6/30/09
Adult Habilitation	\$157,512			\$157,512
Sheltered workshop	9,627			9,627
Subtotal	167,139	0	0	167,139
Less accumulated depreciation	(159,041)	(\$2,025)		(161,066)
Total	\$8,098	(\$2,025)	\$0	\$6,073

4. Notes payable

Notes payable consists of two notes (8% and 8.25%) due to the Bank of Winnfield, payable at \$409 and \$225 each month. The notes are co-signed by two members of the Board of Directors of WARC. The following is a summary of the long-term obligation transactions for the year ended June 30, 2009:

Long-term obligations at beginning of year	\$22,244
Additions	
Deductions	(6,072)
Long-term obligations at end of year	\$16,172

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2009:

	Principal	Interest	Total
Current portion	\$6,580	\$1,023	\$7,603
Long-term portion:			
June 30, 2011	7,126	47	7,173
June 30, 2012	2,463	31	2,494
Total	\$16,169	\$1,101	\$17,270

5. Commitment and Contingencies

The Association has no long-term commitments at this time.

Winn Parish Association of Retarded Citizens, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2009

6. Compensated Absences

The Association does not have compensated absences.

7. Compensation paid to board members

No compensation was paid any board member during the year under audit.

8. Restrictions on assets

Restrictions on assets in the Adult Habilitation fund at June 30, 2009 relate to vans obtained by the Association through a Section 16(b)(2) grant through the Urban Mass Transit Act and the Louisiana Department of Transportation (DOTD). This program provides capital grants for the specific purpose of assistance in providing transportation services to meet the special needs of elderly and handicapped persons from whom mass transportation services are unavailable, insufficient or inappropriate. The vans, obtained with these funds, must be used for transportation services to the elderly and handicapped within the Association's service area. The DOTD must be immediately notified if the equipment is not used in the aforementioned manner or if it is withdrawn from service. Disposition of the vehicles must have DOTD approval and must be in conformance with the provisions of OMB Circular A-102, Attachment N. Dispositions must be a current market value and a portion of the funds received must be returned in proportion to the original percentage of Federal funds contributed.

It is the policy of the Association to amortize the asset restriction over its estimated useful life using the straight-line method.

In the Sheltered Workshop fund, the reservation on assets regards contributions given to provide funds for clients who are not yet approved by the State of Louisiana for funding but who are active in the work activities of the Association.

9. Receivables

The Association entered into a contract on May 3, 2006 with the State of Louisiana, Department of Health and Hospitals, OCDD, to provide habilitation programming to a minimum of 13 clients for the period July 1, 2005 to September 30, 2006. At the end of each month, a payment requisition is forwarded to the State of Louisiana Medicaid requesting payment for services provided to clients during the month just ended.

During the current fiscal period, the Association also delivered services to several clients who were classified as Medicaid Title XIX waiver clients and billings for services to them are being billed to that agency. Accounts receivable also included amounts due from these entities. Also, as clients were accepted into the program, billings for services rendered to them were begun to be provided under the Medicaid Supports Waivers program and the contract with OCDD was discontinued. Seven clients were served under the Supports Waiver program. Five clients were served under the Now Waiver program. Four clients were served under the Scholarship program. The above numbers are fluid based on people moving from the Supports Waiver program to the Now Waiver program and some scholarship clients moving to the Supports Waiver.

The Association also has entered into several contractual agreements to provide grounds keeping services, janitorial services and other contract labor to various local businesses.

Winn Parish Association of Retarded Citizens, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2009

Receivables at June 30, 2009 consist of the following:

Louisiana Medicaid	\$4,005
Work Activity Customers	<u>3,468</u>
Total	<u>\$7,473</u>

10. Negative Net Assets

The Winn ARC fund (Adult Habilitation) had a negative balance in its net asset account at June 30, 2009.

OTHER SUPPLEMENTAL DATA

EDWARDS, WADE & PERRY

Certified Public Accountants

A Professional Accounting Corporation

Members: AICPA / Society of LCPA's

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Winn Parish Association of Retarded Citizens, Inc.
Winnfield, Louisiana

We have audited the financial statements of Winn Parish Association of Retarded Citizens, Inc., a nonprofit organization, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Winn Parish Association of Retarded Citizens, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

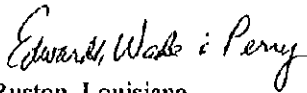
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally

accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as item 09-1 and 09-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Winn Parish Association of Retarded Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, members and management of Winn Parish Association of Retarded Citizens, Inc., and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Ruston, Louisiana
November 18, 2009

Winn Parish Association of Retarded Citizens, Inc.
Summary of Prior Year Findings
For the Year Ended June 30, 2009

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

08-1. Segregation of duties

Status: Unresolved – see 09-1

08-2. Incorrect postings

Status: Resolved

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

Winn Parish Association of Retarded Citizens, Inc.
 Schedule of Findings And Questioned Costs
 For the Year Ended June 30, 2009

We have audited the financial statements of Winn Parish Association of Retarded Citizens, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated November 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of November 18, 2009, resulted in an unqualified opinion.

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Significant deficiency ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

2. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable ☐ Yes ☒ No

Type of Opinion On Compliance
 For Major Programs

Unqualified ☐ Qualified ☐
 Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☒ No

Was a management letter issued?

☐ Yes ☒ No

3. Identification of Major Programs:

CFDA Number(s)

Name of Federal Program (or Cluster)

N/A

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the audited a "low-risk" audited, as defined by OMB Circular A-133? ☐ Yes ☒ No

B. Financial Statements Findings

- 09-1. Segregation of duties - Due to limited personnel, the Association does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control.

Recommendation: We do not recommend that it would be cost effective for the Association to hire additional personnel to resolve this problem. We believe the Association has taken all possible steps by requiring dual signatures and other separation of duties between personnel to ensure that internal controls are maintained as effectively as is possible with limited staff. This is a repeat finding.

- 09-2. Inadequate internal controls - During our testwork, we determined the internal control for the Organization is inadequate concerning maintaining complete supporting documentation for disbursements.

One supporting document could not be located from the items selected for testing. Nine timesheets were not signed by a supervisor. Mileage was not paid to one employee according to her timesheet. One consumer employee was paid with different pay rates than indicated on her timesheet.

Recommendation: We recommend the Organization establish internal controls to monitor all receipts and disbursements.

C. Federal Award Findings and Questioned Costs

None

WINN PARISH ASSOCIATION OF RETARDED CITIZENS, INC.

1006 S Jones Street PO Box 566
Winnfield, LA 71482

CORRECTIVE ACTION PLAN For the Year Ended June 30, 2009

Winn Parish Association of Retarded Citizens, Inc. hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

- 09-1. Management is aware of the problem of segregation of duties and will continue to develop and implement internal control procedures to offset this inherent problem associated with being a small entity. We have implemented a computerized bookkeeping system to help us maintain control over financial records.
- 09-2. Management will continue to develop and implement internal control procedures to offset this inherent problem associated with being a small entity. We will implement a procedure effective immediately concerning approval of timesheets to help us maintain control over financial records.